



**TESTIMONY OF JOHN M. MURPHY, MD  
PRESIDENT AND CEO  
WESTERN CT HEALTH NETWORK  
DANBURY, NEW MILFORD AND NORWALK HOSPITALS  
INSURANCE AND REAL ESTATE COMMITTEE  
TUESDAY, FEBRUARY 7, 2017**

**Proposed SB 23, An Act Requiring Site-Neutral Payments For Health Care Services**

The Western CT Health network appreciates the opportunity to submit testimony opposing **SB 23, An Act Requiring Site-Neutral Payments For Health Care Services**.

Ours is a mission-driven, network of not-for-profit hospitals that operates 24/7, taking all-comers regardless of their ability to pay for care provided. Every day, our teams are dedicated to provide the highest quality care, in the most cost efficient way, building a healthier community.

SB 23 would require health insurers to make payments for health care provided be site-neutral. Simply put, this is another cut to hospitals and we ask that you oppose this bill.

Our communities deserve and have come to expect that our doors are always open. They know we will always be there to address their health needs-hospitals are truly the safety net for the people of Connecticut. We are privileged to serve them.

However, this role is not funded explicitly; instead, this role is built into a hospital's overall cost structure and supported by revenues received from providing direct patient care. The fact is, hospitals are highly regulated and subject to more comprehensive licensing, accreditation, and regulatory requirements than other care settings. SB 23 does not recognize this fact.

The federal Medicare program has set forth specific criteria to determine when the provision of that service is hospital-based and when it is simply a physician office service. When the provision of care meets the tests to be hospital-based, the service is entitled to a higher level of Medicare funding, which is accorded in recognition of the fact that the

hospital is a more expensive place to deliver care and is held to a higher regulatory standards.

Regulatory Requirements/Roles	Hospital Outpatient Department	Ambulatory Surgery Center	Physician Office
24/7 Standby Capacity for ED Services	✓		
Back up for Complications Occurring in Other Settings	✓		
Disaster Preparedness and Response	✓		
EMTALA Requirements	✓		
Uncompensated Care/Safety Net	✓		
Teaching/Graduate Medical Education	✓		
Special Capabilities (burn, trauma, neonatal, psychiatric services, etc.)	✓		
Required Government Cost Reports	✓		
Equipment Redundancy Requirements	✓		
Stringent Building Codes (ventilation systems, hallway widths, ceiling heights, etc.)	✓		
Infection Control Program	✓	✓	
Quality Assurance Program	✓	✓	
Joint Commission Accreditation	✓	✓	
Life and Fire Safety Codes	✓	✓	✓
Malpractice Insurance	✓	✓	✓
Admin Staff/Billing	✓	✓	✓
Medical Supplies	✓	✓	✓
Nurses	✓	✓	✓
Space and Utilities	✓	✓	✓

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If passed, SB 23 would result in decreased reimbursement at a time when WCHN already pays \$1 million per week in taxes. We invite, and are very willing to participate in, a broader and more strategic discussion regarding healthcare costs at your convenience.

Thank you for your consideration of our position.

John M. Murphy, MD, President and CEO of the Western CT Health Network